



AND



PRESENT

# INFRASTRUCTURE INVESTING WORKSHOP

## 1. BACKGROUND

The ASISA Academy, in partnership with the ASISA Foundation, makes available online a full series of Retirement Fund Trustee Education (RFTE) workshops at no cost to South African retirement funds and their trustees. The Academy is the preferred service provider for the ASISA Foundation which receives grant funding from sponsors for trustee education, thus allowing the workshops to be made available in this way. This pooled initiative ensures the independence of the education programme from the individual sponsors of the ASISA Foundation. Our workshops are aimed primarily at trustees and principal officers of retirement funds and are ideally run with individual funds but can also be delivered as multi-fund courses. Since inception we have delivered more than 360 workshops to more than 4,800 trustees and principal officers in South Africa, Botswana and Namibia, with highly favourable feedback.

In the wake of South Africa (and the world) experiencing its first lockdown during the Coronavirus pandemic, the team at the ASISA Academy reflected on how we could offer our Retirement Fund Trustee Education workshops online in live sessions using videoconference and for practical time periods instead of our traditional 1-day and ½-day face-to face workshops. We have therefore, adapted our content and composition of the RFTE programme into an online offering using either MS Teams or Zoom depending on your preference. Our preference is to use Zoom with its new enhanced security features.

## 2. MONITORING AND EVALUATION

The ASISA Foundation-sponsored Trustee Education workshops are formally monitored and evaluated (M&E) by an independent agency. This M&E process ensures our trustee education programmes are planned and presented in a manner which brings about effective knowledge transfer, with real improved governance and financial literacy amongst delegates for the ultimate benefit of fund members and beneficiaries. The context of our online workshops has required adaptation of the M&E process, as explained below.

### DELEGATE INTAKE FORMS

Each delegate will be asked to complete and submit online intake forms before the commencement of the workshop, including details of their retirement fund, role in the fund board, email address and demographics. We are required by the Financial Sector Code in the context as a BEE Regulator to keep statistics based on demographics and gender, hence we request that all demographic and gender statistics should be completed.

## **ASSESSMENT FORMS**

Delegates will receive an online link to a workshop assessment form at the end of a workshop on which they are required to score various aspects of the workshop and make compliments or suggestions for improvements. Comments made by delegates may be used in marketing material.

## **M&E FEEDBACK FORMS**

A first set of online questions is supplied to delegates via an online link before the workshop which delegates are asked to complete before the workshop commences. A second set of the same questions will be supplied via an online link to delegates at the end of the workshop. Answers are completely anonymous.

## **ATTENDANCE CERTIFICATES**

Delegates who have submitted all of the workshop documentation described above will receive emailed ASISA Academy attendance certificates which reflect 3 Batseta CPD points in respect of the half-day workshop. The fund remains responsible for ensuring that the CPD points awarded are updated on the Batseta database.

## **3. WORKSHOP CODE OF CONDUCT**

Delegates, presenters and other Academy staff are all expected to engage in the following ways.

1. Delegates commit to learning on the course.
2. Delegates and Academy staff commit to signing in at least 10 minutes prior to the starting time so as not to delay the commencement of the session which puts pressure on the presenter and other delegates. The Zoom/ MS Teams room will open 10 minutes before the workshop is due to start. Please ensure that you have logged in and settled down comfortably by the starting time.
3. Academy staff commit to starting the workshop on time.
4. Delegates are requested to switch on their cameras at the start of the session. After introductions we request delegates to switch off their cameras in order to keep the platform stable and data usage optimised.
5. Delegates must ensure that their audio is muted throughout the session, except when participating in discussions or posing questions.
6. If delegates have questions or comments, they can use the chat platform or click the raised hand icon which can be located on the screen's "floating bar" in Microsoft Teams and by clicking on the "Participants" button in Zoom.
7. The presenter will agree a break time with delegates as part of the introductions.
8. When returning from the breaks, delegates are requested to switch on their microphones on re-entering the session so that the presenter can have an indication of the number of delegates that are back.
9. Delegates must advise the Academy if they are not able to make a session or if, for unavoidable reasons, they are going to be late.

## 4. ONLINE WORKSHOP LEARNING OUTCOMES

The following table summarises the Learning Areas and Learning Outcomes covered in this workshop:

### INFRASTRUCTURE INVESTING (1/2 day – 3 hours)

Learning Area	Learning Outcomes - By the end of the course successful delegates will be able to...
<b>The nature of Infrastructure Investments</b>	<ul style="list-style-type: none"> <li>• Explain the characteristics of Infrastructure Investments in a developing economy context.</li> <li>• Show the long-term nature of Infrastructure Investments.</li> <li>• Demonstrate the typical timing of the cashflows generated by the asset.</li> <li>• Show how a Discounted Cashflow model can be used to price an Infrastructure Investment.</li> <li>• Describe the typical sectors in which Infrastructure Investments are available including transport (roads, rail, ports), housing (students, affordable housing), power generation (renewable energy), water &amp; sanitation, education &amp; healthcare and telecommunications.</li> <li>• Contrast greenfields with brownfields infrastructure projects.</li> <li>• Contrast listed with unlisted Infrastructure Investments.</li> <li>• Debate whether Infrastructure Investment is an asset class in its own right or an investment theme across asset classes.</li> <li>• Describe the advantages and disadvantages of 1) directly investing in an infrastructure project and 2) investing via a State-Owned Enterprise (SOE) and 3) investing via a Public Private Partnership.</li> <li>• Discuss Infrastructure Investments in the context of prescribed assets.</li> <li>• Contrast infrastructure project bonds with a portfolio of infrastructure projects.</li> </ul>
<b>The investment case for the country and for retirement funds</b>	<ul style="list-style-type: none"> <li>• Explain the need for investing in infrastructure in the South African economy.</li> <li>• Evaluate the benefits to society of infrastructure investing.</li> <li>• Show how Infrastructure Investments contribute to economic growth and job creation.</li> <li>• Explain the advantages for a retirement fund of investing in infrastructure including cashflow liability matching, inflation-linked returns, government backing of projects.</li> <li>• Use at least two case studies to show how a retirement fund can successfully invest in infrastructure assets.</li> </ul>
<b>How are Infrastructure Investments funded?</b>	<ul style="list-style-type: none"> <li>• Describe the current sources of funding.</li> <li>• Compare South African and international funding mechanisms.</li> <li>• Contrast government and private sector funding of Infrastructure Investments.</li> <li>• Show how the government allocates the country's Budget to infrastructure and how debt is issued to fund budget shortfalls.</li> <li>• List the main private sector providers of funding, namely, banks, life insurance companies, foreign agencies and retirement funds.</li> </ul>
<b>Risk and return</b>	<ul style="list-style-type: none"> <li>• Contrast Infrastructure Investments' risks and returns with the other typical investments within a retirement fund portfolio.</li> <li>• Show the real returns on an Infrastructure Investment.</li> <li>• Describe the risks associated with Infrastructure Investing including country/political, market-related, project developer, technology changes, financial, project pricing, cashflow mismatching, liquidity requirements, carbon profile and government policy consistency.</li> <li>• Contrast the risks that should be borne by the public sector versus those that should be borne by the private sector.</li> <li>• List the life stages of an Infrastructure Investment with the associated considerations for investors at each stage.</li> </ul>



<b>Learning Area</b>	<b>Learning Outcomes</b> - By the end of the course successful delegates will be able to...
	<ul style="list-style-type: none"> <li>• Explain the advantages and disadvantages for a retirement fund investing in Infrastructure by either lending money (buying bonds/debt funding) or buying shares (equity) in the project.</li> <li>• For debt funding, show how the cashflows are a combination of capital repayments and interest payments.</li> <li>• Set out the credit rating mandates for Infrastructure Investment issuers.</li> <li>• Show the basis for calculating risk-weighted returns for an Infrastructure Investment.</li> <li>• Explain the concept of diversification in an investment portfolio and how Infrastructure Investments can play a role in achieving that.</li> </ul>
<p><b>How to include Infrastructure in your Fund's Investment Policy Statement (IPS)</b></p>	<ul style="list-style-type: none"> <li>• Motivate why Infrastructure Investments should be included in the fund strategic investment mandate.</li> <li>• Explain how Infrastructure Investments can be included in your fund's IPS.</li> <li>• Explain the link between Infrastructure Investments and fund policies relating to Responsible Investing (RI) and Environment Social and Governance (ESG) imperatives.</li> <li>• Explain the identification and role of, the fund's asset and investment consultants in getting Infrastructure Investments included in the IPS.</li> <li>• Outline the factors for a retirement fund to consider when deciding to either directly invest in Infrastructure or to use external expertise to do so e.g. via an investment manager.</li> <li>• Explain how fund members should be informed of new Infrastructure Investment opportunities.</li> </ul>

## 5. OUR PRESENTERS



### **Malizole Mdlekeza – FIA, CAIA, CERA**

Malizole is a qualified actuary and chairman of the Actuarial Society of South Africa Alternative Investments committee which focuses on the suitability of infrastructure, private equity and hedge funds for institutions such as pension funds. His areas of specialization and focus within the actuarial profession are pensions and investments. In 2017, he was voted by the Mail & Guardian newspaper as one of South Africa's Top 200 South Africans.



### **Johan Human – B Bus Sci (Hons), FIA, FASSA**

Johan is an actuary with more than 20 years' experience in various aspects of Financial Services in Southern Africa, who has a particular passion for the development and investment in businesses that can successfully execute on concepts that excel in delivering commercial, social and environmental returns. He is the founder of Life House Finance, which has developed a range of Structured Finance solutions with a significant housing component. He is a member of the Alternative Investments Committee of the Actuarial Society of South Africa to consider the role that actuaries can play in this environment.



### **Douglas Davids – B Comm, B.Compt (Hons), MBA, MPHIL in Dev. Finance**

Douglas is an experienced investment professional having worked in the investment industry in South Africa for over 25 years, of which the last 12 years have been with a focus on environmental, social and governance (ESG) investing. Douglas has worked for several large investment houses including Old Mutual and Sanlam managing both institutional and retail funds. Previously Douglas was the managing director of Community Growth Management Company, before becoming an independent ESG investment advisor.

## 6. FEEDBACK FROM PAST DELEGATES



"Today's session meant that I could consolidate everything that I had learnt over the days of the course. It has been very valuable. I am very excited about the knowledge I have gained. Great course!"

"Overall, it was definitely encouraging, and I learnt new things once again. The course would be a great tool for all our staff members."

"What an excellent day! Learnt a tremendous amount from the brilliant speakers today."

"Great lecturers from the industry that has a wealth of knowledge to share. Thoroughly enjoyed it!"

"The program has broadened my perspective in terms of the actual industry - I am learning so much. It has been a great experience so far."

"Programme is fantastic, makes you apply your mind especially to the things you know but are ignorant of."



## 7. CONTACT INFORMATION

For course dates, venues and other information please contact the ASISA Academy on:

- Email: [LEARN@asisaacademy.org.za](mailto:LEARN@asisaacademy.org.za)
- Landline: +27 21 673 1620
- Website: <https://www.asisa.org.za/academy/programmes/retirement-fund-trustee-education/>